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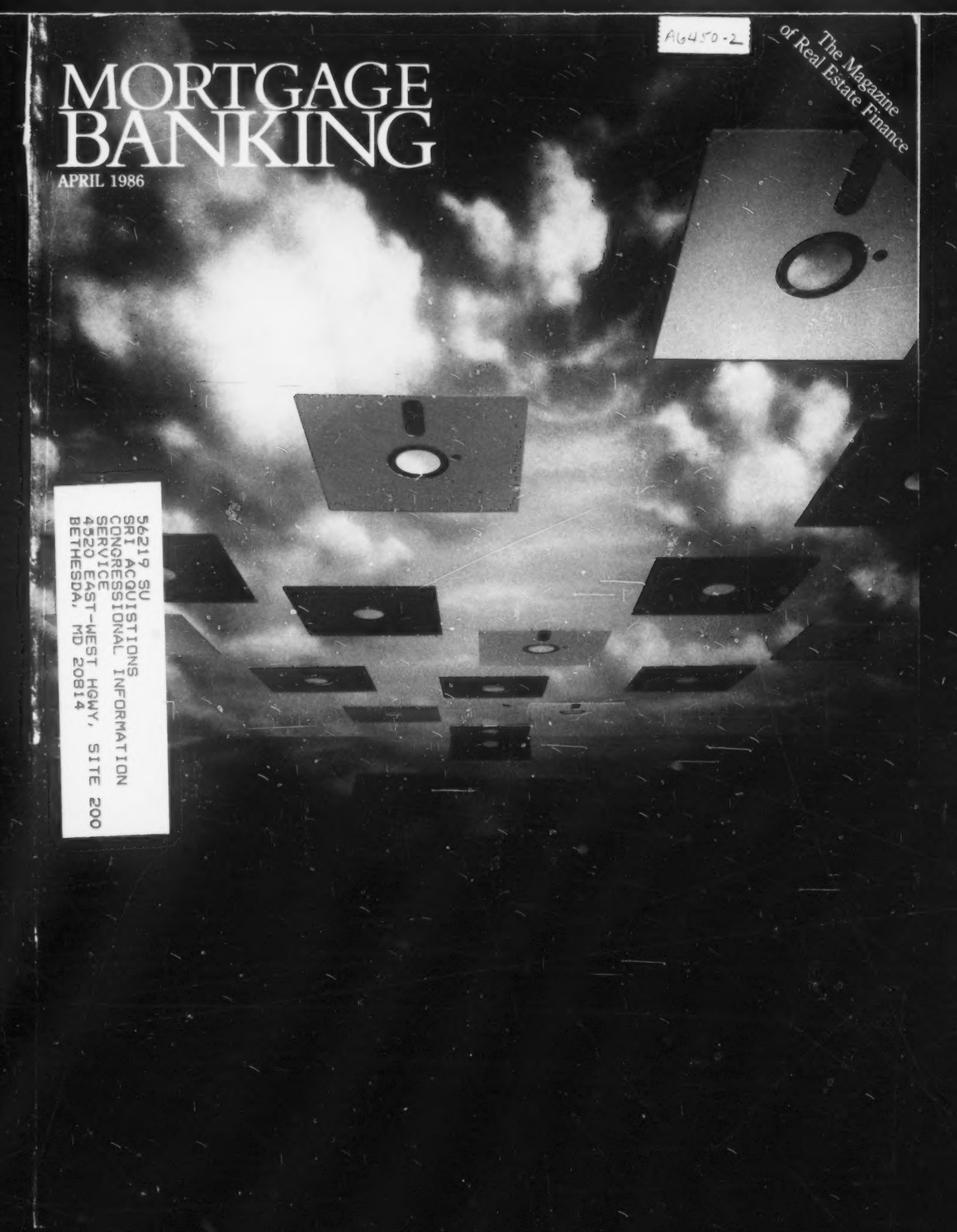
MORTGAGE BANKING

APRIL 1986

The Magazine of Real Estate Finance



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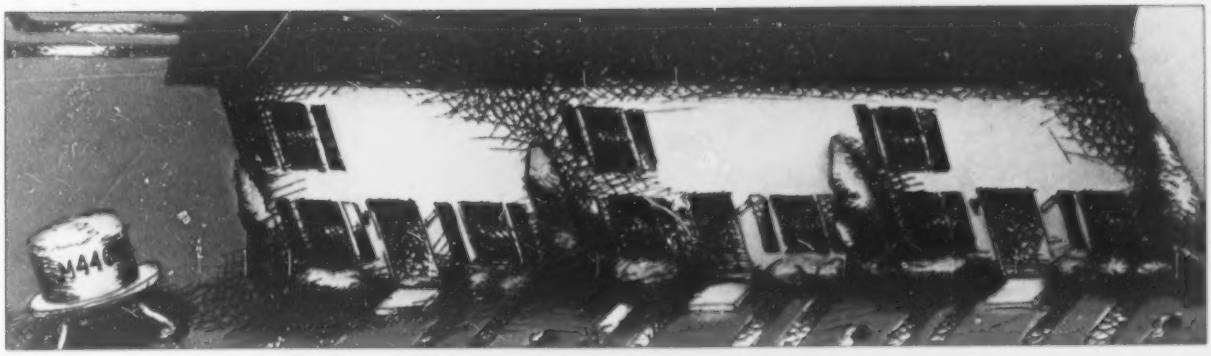

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REDUCING MORTGAGE ANXIETY: THE COMPUTER SOLUTION
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AUTOMATING THE SECONDARY MARKET: VIEWING THE CHALLENGES PAST, PRESENT AND FUTURE Q & A
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MORTGAGE MARKET TRENDS

Homebuilders and mortgage lenders are in a state of euphoria and understandably so. Last year, sales of new and existing single-family houses rose for the third consecutive year to the highest levels since the late 1970s, while originations of single-family mortgage loans increased by an estimated 22 percent above the 1984 level to a record $250 billion. Adding to this euphoric state is a perception that these good times will continue to roll. Since the fall of 1985, long-term interest rates have fallen by 250 basis points, allowing rates on 30-year, fixed-rate mortgages to drop to their lowest levels in eight years and raising expectations that 1986 will be another banner year for housing.

In all likelihood, these expectations should turn out to be well-founded, for the economic conditions that fostered today's financial market environment will probably prevail throughout a good portion of the year. First, the strong employment gains recorded throughout this recovery, combined with the stimulative effects of the drop in interest rates, the stock market rally, the drop in world oil prices and the depreciation in the foreign exchange value of the dollar should keep the recovery on an upward track.

At the same time, however, there seems to be little danger that the economy will become overheated any time soon. Despite the drop in the value of the dollar, the trade deficit will not act as a source of stimulus to domestic production until later this year.

Also, the low personal savings rate, coupled with high consumer debt ratios appears to be restraining consumer spending. During the first two months of 1986, retail sales (excluding autos) hardly exceeded last year's fourth quarter average despite the increase in consumer wealth. Further, stimulus emanating from business investment spending should be fairly limited, for whatever upward revisions in capital spending plans are generated by lower interest rates may be largely offset by sharp capital outlay cutbacks in the energy industries.

On balance then, we anticipate another year of moderate, yet healthy growth. During the four quarters of 1986, we anticipate that real GNP growth will come close to 3½ percent, with perhaps a modest acceleration taking place in the second half as consumer spending begins to respond to lower interest rates and rising stock prices and as export growth starts to benefit from the cheaper dollar.

In this scenario, the conditions required to keep interest rates near current levels and to sustain the housing expansion should be preserved. Little, if any, upward pressure on interest rates should materialize from demand pressures or supply bottlenecks. At the same time, inflation can be expected to remain subdued this year, with the softer oil prices offsetting whatever inflationary effects may arise from the decline in the value of the dollar. Thus, a rise in interest rates does not appear to be in the cards for at least the next six months.

Further, the recent drop in the discount rate suggests that monetary policy will remain accommodative at least during the near to medium term. Apparently, the current economic data are soft enough, that when combined with the recent slowdown in money supply growth, growing concerns regarding the ability of oil-producing, less-developed countries to service their massive debts and what appears to be stronger prospects for fiscal restraint, the Fed currently feels comfortable in erring on the side of ease rather than restrictiveness. Therefore, the chances of seeing an escalation in interest rates arising from a leaning on the monetary brakes seems remote at this juncture.

In short, the anticipated economic and policy environment should allow interest rates to average near current levels through the year. During the near-term, an additional decline—approximately 25 basis points—across the spectrum of maturities is a distinct possibility. As we approach summer, however, a modest acceleration in the pace of economic activity may lift rates back up to current levels or slightly higher. Thus, we expect rates on 30-year, fixed-rate mortgages to range between 9½ to 10½ percent, with rates on one-year adjustable rate mortgages hovering between 8 to 9 percent.

Obviously, this makes for a bullish housing outlook. Housing starts should average near 2 million units during the first half of the year and roughly 1.85 million units for 1986 as a whole. Sales of new and existing single-family houses will probably exceed four million units.

This sales volume, combined with especially strong refinancing activity during the first half of the year, should push single-family loan origination volume to about $300 billion or about 25 percent above the 1985 estimate. The composition of this origination activity will be largely fixed-rate mortgages and FHA/VA loans will command an above average share of the total market. Given the expected composition of lending activity, mortgage bankers should capture at least 30 percent of the single-family market or $90 billion in origination volume. Finally, with an abundant supply of fixed-rate product, secondary market activity this year will be extremely strong, with issues of mortgage-backed securities rising by at least 15 to 20 percent above the $107 billion level recorded in 1985.

Of course, good times cannot last forever and developments could arise that would quickly sour today's sweet environment. For instance, one cannot rule out the possibility that the Supreme Court will uphold the lower court's ruling that the Gramm-Rudman-Hollings (GRH) sequestration procedures are unconstitutional and that the loss of that disciplining factor could lead to a breakdown in efforts to produce a credible budget deficit reduction package. Under those circumstances, a much stronger and potentially inflationary acceleration in growth could occur during the second half, as the intended policy mix of monetary accommodation and fiscal restraint never materializes.

Fortunately, while we do not feel the GRH budget deficit targets will be met, we do believe that the prospects of achieving more gradual but substantial deficit reductions are quite good and that we can avoid being knocked off the desired path of moderate, noninflationary growth. Indeed, the durability of this housing expansion will depend greatly on whether our sanguine fiscal outlook becomes a reality.

Edison R. Zayas
Senior Economist
March 14, 1986

HOUSING ACTIVITY

RESIDENTIAL STRUCTURES, BY UNIT TYPE

(Units in thousands)

HOUSING STARTS

YEAR AND MONTH	Actual			Seasonally Adjusted Annual Rate		
	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units
1985						
AUG	161	109	52	1,740	1,156	584
SEP	148	98	50	1,616	1,058	558
OCT	173	112	61	1,772	1,197	575
NOV	125	80	45	1,566	1,041	525
DEC	115	71	44	1,840	1,204	636
1986						
JANp	119	80	39	2,088	1,465	623
1985 TOTAL	1,736	1,165	571			
1984 TOTAL	1,750	1,206	544			
1 MONTH						
1986	119	80	39			
1985	105	66	39			
1984	109	75	34			
1983	93	64	29			

PERMITS 17,000 ISSUING PLACES

YEAR AND MONTH	Actual			Seasonally Adjusted Annual Rate		
	Total	1-4 Units	5+ Units	Total	1-4 Units	5+ Units
1985						
AUG	159	101	58	1,784	1,117	667
SEP	167	93	74	1,808	1,076	732
OCT	158	100	58	1,688	1,077	611
NOV	120	74	47	1,661	1,029	632
DEC	128	68	60	1,873	1,101	763
1986						
JANp	116	73	43	1,870	1,208	662
1985 TOTAL	1,741	1,085	656			
1984 TOTAL	1,682	1,065	617			
1 MONTH						
1986	116	73	43			
1985	104	64	40			
1984	111	67	44			
1983	85	56	29			

RESIDENTIAL STRUCTURES BY REGION

(Units in thousands)

STARTS

YEAR AND MONTH	Actual				Seasonally Adjusted Annual Rate			
	North East	Mid-West	South	West	North East	Mid-West	South	West
1985								
AUG	25	26	65	44	232	245	751	509
SEP	24	23	61	40	234	232	725	462
OCT	32	28	72	41	299	226	801	458
NOV	20	17	57	29	235	210	767	442
DEC	17	13	53	32	275	262	818	449
1986								
JANp	14	10	66	29	352	320	959	457
1985 TOTAL	251	240	779	467				
1984 TOTAL	204	243	866	436				
1 MONTH								
1986	14	10	66	29				
1985	10	8	56	32				
1984	7	8	63	33				
1983	6	6	52	21				

PERMITS 17,000 ISSUING PLACES

YEAR AND MONTH	Actual				Seasonally Adjusted Annual Rate			
	North East	Mid-West	South	West	North East	Mid-West	South	West
1985								
AUG	25	25	65	44	266	259	770	489
SEP	25	24	65	53	242	225	758	583
OCT	29	25	65	39	282	228	736	442
NOV	21	16	52	32	270	202	716	473
DEC	19	17	62	30	276	295	862	440
1986								
JANp	13	12	57	34	283	331	759	497
1985 TOTAL	265	238	755	482				
1984 TOTAL	201	212	812	457				
1 MONTH								
1986	13	12	57	34				
1985	13	8	53	31				
1984	7	9	61	32				
1983	5	6	63	18				

HOUSING ACTIVITY (Cont'd.)

YEAR AND MONTH	HOUSING SALES (Units in thousands) EXISTING HOUSES[1]	NEW HOMES Sold	NEW HOMES Available For Sale	NEW HOMES Months Supply at Current Rate	VALUE OF NEW CONSTRUCTION PUT IN PLACE (Dollars in billions) Seasonally Adjusted Annual Rate Total	1 Unit	2+ Units	Non-res.	CONSTRUCTION STATUS (Units in thousands) Seasonally Adjusted Annual Rate Under Construction Total	1-4 Units	5+ Units	Completions Total	1-4 Units	5+ Units
1985														
AUG	337	61	351	5.9	201.4	84.0	29.4	88.0	1,084	642	442	154	103	51
SEP	281	54	352	6.4	203.4	84.1	29.7	89.6	1,063	624	439	158	110	48
OCT	301	52	358	6.5	234.4	85.3	30.4	88.7	1,089	633	456	151	110	41
NOV	246	50	357	6.1	204.9	86.0	29.3	89.6	1,087	627	460	143	100	43
DEC	221	46	356	5.8	211.0	86.5	30.0	94.5	1,089	620	471	162	113	49
1986														
JAN[p]	215	57	356	5.9	213.1	88.8	30.5	93.8	1,101	633	468	123	81	42
1985 TOTAL	3,216	686										1,700	1,167	533
1984 TOTAL	2,868	639										1,652	1,137	515
1 MONTH														
1986	215	57										123	81	42
1985	190	48										117	83	34
1984	178	52										112	76	36
1983	155	44										81	60	21

LENDER ACTIVITY

LONG-TERM MORTGAGE LOANS CLOSED
By Type of Institution and By Unit Type
(Dollars in millions)

YEAR AND MONTH	TOTAL Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.	1-4 UNITS Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.
1985										
MAR	25,417	4,344	10,681	8,350	2,042	16,463	3,983	7,887	4,502	91
APR	26,291	5,020	11,955	7,403	1,913	18,069	4,627	9,178	4,208	56
MAY	28,564	4,900	13,096	8,519	2,049	19,954	4,729	10,268	4,897	60
JUN	32,571	5,869	12,665	12,370	2,113	21,151	5,286	9,551	6,232	82
JUL	30,932	6,503	11,709	11,051	2,144	21,273	5,969	9,093	6,110	101
AUG[p]	34,953	7,817	13,324	11,832	1,980	25,544	7,054	10,996	7,390	104
1984 TOTAL	297,406	53,160	129,482	97,776	16,988	196,139	44,500	96,187	54,626	826
1983 TOTAL	276,371	65,050	103,882	91,500	15,939	193,535	55,680	81,524	55,605	726
8 MONTHS										
1985	221,242	42,730	89,760	74,201	14,551	148,989	39,259	68,313	40,821	596
1984	198,513	36,600	90,347	61,106	10,460	140,133	34,257	68,751	33,586	539
1983	178,227	40,827	66,210	52,549	18,641	124,007	38,354	52,816	32,359	478
1982	77,666	17,441	25,532	29,446	5,247	53,530	15,793	20,910	16,494	333

LENDER ACTIVITY (Cont'd.)

LOANS CLOSED (Cont'd.)

(Dollars in millions)

YEAR AND MONTH	5+ UNITS Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.	NONRESIDENTIAL Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.
1985										
MAR	2,020	170	1,162	511	177	6,934	91	1,632	3,337	1,774
APR	1,948	174	1,223	406	145	6,274	219	1,554	2,789	1,712
MAY	1,992	34	1,238	505	215	6,618	137	1,590	3,117	1,774
JUN	2,519	418	1,417	590	94	9,347	165	1,697	5,548	1,937
JUL	1,770	53	974	604	173	8,203	481	1,642	4,337	1,870
AUG[p]	2,200	238	1,085	665	212	7,209	525	1,243	3,777	1,664
el4										
1984 TOTAL	22,125	1,980	13,160	5,519	1,466	79,142	6,680	20,135	37,631	14,696
1983 TOTAL	19,443	3,840	8,521	5,485	1,597	63,393	5,530	13,837	30,410	13,616
8 MONTHS										
1985	13,108	1,501	8,713	4,077	1,251	9,297	1,970	12,734	29,303	12,704
1984	13,634	348	8,611	3,864	811	8,203	1,995	12,985	23,656	9,110
1983	9,269	471	5,209	2,808	781	35,111	2,002	8,185	17,382	7,542
1982	3,962	584	1,718	1,370	290	20,174	1,064	2,904	11,582	4,624

LONG-TERM COMMITMENT ACTIVITY

By Type of Institution

(Dollars in millions)

YEAR AND MONTH	ISSUED DURING MONTH Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.	OUTSTANDING Total	Mtg. Bankers[3]	S&Ls	Banks[2]	Life Cos.
1985										
MAR	28,291	3,473	14,217	7,831	2,770	98,737	9,318	53,175	21,748	14,496
APR	25,008	4,052	14,893	3,798	2,265	98,391	11,102	55,146	15,865	16,278
MAY	26,151	4,507	15,100	4,115	2,429	99,080	10,545	55,898	16,223	16,414
JUN	28,091	5,731	14,174	5,385	2,801	105,378	13,116	56,079	19,150	17,033
JUL	27,791	5,686	14,594	4,928	2,583	99,731	14,684	49,838	17,907	17,302
AUG[p]	32,137	6,601	16,969	5,435	3,132	104,751	15,227	50,198	20,667	18,659
1984 TOTAL	264,193	50,100	146,184	47,065	20,844					
1983 TOTAL	260,343	81,070	123,361	38,195	17,717					
8 MONTHS										
1985	205,501	36,543	109,718	38,669	20,571					
1984	182,028	31,837	103,333	33,602	13,256					
1983	163,862	43,819	82,784	24,877	12,382					
1982	64,895	21,961	26,173	12,561	4,200					

MORTGAGE INSURANCE

(Units in thousands, Dollars in millions)

YEAR AND MONTH	APPLICATIONS RECEIVED (Units) Total	FHA[3]	VA	Private	LOANS INSURED Total Units	Total Amt	FHA(203) Units	FHA(203) Amt	VA Units	VA Amt	Private Units	Private Amt
1985												
AUG	216	88	25	103	114	7,646	28	1,644	19	1,275	67	4,727
SEP	201	82	26	93	130	8,545	47	2,771	20	1,318	63	4,456
OCT	205	84	24	97	122	8,308	34	2,041	16	1,120	72	5,147
NOV	173	78	27	68	128	8,488	47	2,795	25	1,693	56	4,000
DEC	163	80	22	61	93	6,319	23	1,359	19	1,347	51	3,613
1986												
JAN[p]	205	130	24	51	110	7,298	45	2,659	19	1,304	46	3,335
1985 TOTAL	2,194	902	251	1,041	1,261	83,305	338	19,784	192	13,046	731	50,475
1984 TOTAL	1,862	477	180	1,205	1,344	86,775	200	10,644	198	12,728	946	63,403
1 MONTH												
1986	205	130	24	51	110	7,298	45	2,659	19	1,304	46	3,335
1985	107	23	14	70	93	5,973	20	1,125	11	723	62	4,125
1984	121	26	19	76	109	7,017	14	753	24	1,544	71	4,720
1983	137	68	30	39	54	3,201	14	637	10	630	30	1,934

SECONDARY MARKET ACTIVITY

(Dollars in millions)

YEAR AND MONTH	FNMA Portfolio Comm.	FNMA Portfolio Purc.	FNMA Mortgage-Backed Securities Outstanding	FNMA Mortgage-Backed Securities Issued	FHLMC Comm. to Sell	FHLMC Comm. to Buy	FHLMC Mtg. Purc.	FHLMC Mtg. Sold	GNMA Pass-Through Securities Applications	GNMA Pass-Through Securities Issued
1985										
AUG	1,797	1,921	45,668	2,207	3,855	3,958	3,602	2,685	5,872	4,153
SEP	1,638	1,739	48,769	3,654	2,757	2,919	4,219	4,501	6,927	4,403
OCT	1,733	1,767	50,363	2,228	4,169	3,995	3,215	3,081	6,849	5,795
NOV	1,199	1,624	52,198	2,469	5,394	4,854	3,681	3,449	6,059	5,251
DEC	1,858	1,663	54,987	3,365	3,076	3,425	6,095	6,335	5,699	4,520
1986										
JAN[p]	1,315	1,188	58,391	3,964	n.a.	n.a.	n.a.	n.a.	10,103	5,298
1984 TOTAL	21,007	16,721	—	13,546	30,743	32,601	21,885	20,489	36,101	27,857
1983 TOTAL	18,607	17,553	—	13,340	30,921	32,846	22,952	21,376	70,280	50,496
1 MONTH										
1986	1,315	1,188	—	3,964	n.a.	n.a.	n.a.	n.a.	10,103	5,298
1985	1,300	1,943	—	913	4,142	4,264	2,197	1,984	4,573	2,654
1984	1,772	1,285	—	251	1,293	1,470	1,419	978	2,500	2,718
1983	2,006	2,045	—	1,082	2,364	2,059	1,479	1,641	4,593	2,657

INTEREST RATES AND YIELDS

YEAR AND MONTH	1- to 4-UNIT MORTGAGES: FHA OPINION SURVEY FHA NEW[4]	FHA OPINION SURVEY CONVENTIONAL New	FHA OPINION SURVEY CONVENTIONAL Existing	FHLBB SURVEY CONVENTIONAL New	FHLBB SURVEY CONVENTIONAL Existing	FNMA 1 Yr. ARM (1%/Yr.)	FNMA FRM Conv.	APARTMENTS[5]
1985								
SEP	12.04%	12.02%	12.03%	11.17%	11.20%	10.54%	11.775%	13.21%
OCT	11.87	11.86	11.88	11.09	11.32	10.50	11.575	13.03
NOV	11.28	11.56	11.58	11.01	11.26	10.26	11.160	12.38
DEC	10.70	11.03	11.03	10.94	11.12	9.94	10.425	12.06
1986								
JAN	10.78	10.82	10.93	10.87	10.83	10.00	10.375	12.00
FEB[p]	n.a.	n.a.	n.a.	n.a.	n.a.	9.89	10.069	11.63

CURRENT SECONDARY MARKET YIELDS

YEAR AND MONTH	GNMA[6]	FNMA[6]	FHLMC[6]
1985			
SEP	11.41%	11.43%	11.47%
OCT	11.24	11.28	11.34
NOV	10.75	10.95	11.01
DEC	10.02	n.a.	n.a.
1986			
JAN	9.99	10.18	10.22
FEB[p]	9.75	9.90	9.95

SELECTED SECURITIES

YEAR AND MONTH	A-Rated[7] Utility	U.S. Government 10-yr.	U.S. Government 26-wk.	Prime Comm. Paper 90-119 Days
1985				
SEP	11.87%	10.37%	7.27%	7.83%
OCT	11.82	10.24	7.33	7.80
NOV	11.38	9.78	7.30	7.77
DEC	10.91	9.26	7.14	7.75
1986				
JAN	10.74	9.19	7.16	7.71
FEB[p]	10.21	8.70	7.11	7.63

SPREADS (Basis Points)

YEAR AND MONTH	FHA New Minus A-Utility	GNMA Minus 10-Yr. Govt.	FNMA Minus 10-Yr. Govt.	FHLMC Minus 10-Yr. Govt.
1985				
SEP	17	104	106	110
OCT	49	100	104	110
NOV	(10)	97	117	123
DEC	(21)	76	n.a.	n.a.
1986				
JAN	4	80	99	103
FEB[p]	n.a.	105	120	125

n.a.—Not available. p—Preliminary.
[1] From the National Association of Realtors "Existing Home Sales" series.
[2] Mutual Savings Banks and Commercial Banks.
[3] FHA applications received includes the Direct Endorsement Program starting in 1984.
[4] Secondary market gross yields.
[5] Federal Home Loan Mortgage Corp. Existing Construction only.
[6] Securities for 0 to 30 day delivery.
[7] Prior to January 1984 this rate was for Aaa rated New Issue Utility Bonds.
[8] Year to date seasonally adjusted series not calculated.
[9] 1985 data on mortgage bankers obtained from the HUD Survey of Mortgage Lending Activity.
* = 11 Month Totals.

MORTGAGE BANKING ACTIVITY

LONG-TERM MORTGAGE LOANS CLOSED[1]

YEAR AND MONTH	NOT SEASONALLY ADJUSTED									SEASONALLY ADJUSTED			
		1-4 Units				5+ Units							
	Total	Total	FHA	VA	Conv.	Total	FHA	Conv.	Non-[3] res.	Total[2]	1-4 Units	5+ Units	Non-[3] res.
1984													
JUL	$ 3,760	$ 3,330	$ 800	$ 530	$ 2,000	$ 0	$ 0	$ 0	$ 430	$3,530	$2,960	$ 0	$460
AUG	3,570	3,070	520	380	2,170	0	0	0	500	3,120	2,600	0	510
SEP	3,050	2,400	550	380	1,470	70	70	0	580	3,380	2,500	120	780
OCT	3,700	3,110	820	470	1,820	0	0	0	590	3,600	2,920	0	750
NOV	3,370	3,090	820	470	1,800	0	0	0	280	3,890	3,610	0	280
DEC	5,250	4,090	1,280	690	2,120	80	0	80	1,080	4,880	3,860	70	770
1983 Total	65,050	55,680	20,620	12,570	22,490	3,840	810	3,030	5,530				
1984 Total	53,170	44,500	10,850	7,130	26,520	1,980	120	1,860	6,600				
12 MONTHS[3]													
1984	53,170	44,500	10,850	7,130	26,520	1,980	120	1,860	6,680				
1983	65,050	55,680	20,620	12,570	22,490	3,840	810	3,030	5,530				
1982	29,250	24,440	8,510	5,160	10,770	1,580	640	940	3,230				
1981	33,470	25,830	8,380	6,200	11,250	1,740	770	970	5,910				

COMMITMENT ACTIVITY: LONG-TERM MORTGAGE LOANS[1]

YEAR AND MONTH	COMMITMENTS DURING MONTH								OUTSTANDING COMMITMENTS END OF MONTH					
	To Borrowers				From Investors				To Borrowers			From Investors		
	Total	1-4 Units	5+ Units	Non-[3] res.	Total	1-4 Units	5+ Units	Non-[3] res.	1-4 Units	5+ Units	Non-[3] res.	1-4 Units	5+ Units	Non-[3] res.
1984														
JUL	$ 4,060	$ 2,940	$ 0	$1,120	$ 4,050	$ 3,580	$ 20	$ 450	$10,840	$ 70	$570	$9,870	$250	$1,570
AUG	2,920	2,630	0	290	4,220	3,380	10	830	7,430	40	500	7,730	210	1,600
SEP	2,910	2,640	30	240	2,760	2,400	80	280	7,350	300	500	7,460	480	800
OCT	3,910	3,240	0	670	4,550	4,090	30	430	7,660	170	540	8,400	370	740
NOV	3,430	2,820	0	610	3,880	2,760	170	950	7,460	40	690	6,940	270	1,050
DEC	5,480	4,090	430	960	4,850	3,910	80	860	7,850	100	750	7,810	260	1,170
1983 TOTAL	81,070	67,740	4,310	9,020	79,450	64,240	5,770	9,440						
1984 TOTAL	50,100	41,420	510	8,170	55,550	43,820	3,160	8,570						
12 MONTHS[3]														
1984	50,100	41,420	510	8,170	55,550	43,820	3,160	8,570						
1983	81,070	67,740	4,310	9,020	79,450	64,240	5,770	9,440						
1982	47,800	36,760	3,330	7,710	46,740	34,380	3,960	8,400						
1981	36,700	30,170	1,200	5,330	44,700	30,410	1,740	12,550						

OUTSTANDING END OF MONTH INVENTORY[1]

YEAR AND MONTH	Total	1-4 Units				5+ Units			Non-res.[3]
		Total	FHA	VA	Conv.	Total	FHA	Conv.	
1984									
JUL	$8,870	$6,990	$1,480	$1,090	$4,420	$730	$0	$730	$1,150
AUG	7,070	5,520	1,060	740	3,720	640	0	640	910
SEP	7,390	5,490	1,010	680	3,800	640	0	640	1,260
OCT	8,060	6,350	1,190	870	4,290	600	0	600	1,110
NOV	8,010	6,280	1,190	850	4,240	590	0	590	1,140
DEC	6,840	6,090	1,500	980	3,610	170	0	170	580

MORTGAGE BANKING ACTIVITY (Cont'd.)

YEAR AND MONTH	COVERAGE[4] 1-4 Units	COVERAGE[4] 5+ Units	COVERAGE[4] Non-[3] res.	SERVICING VOLUME[1] Total	SERVICING VOLUME[1] 1-4 Units	SERVICING VOLUME[1] 5+ Units	SERVICING VOLUME[1] Non.[3] res.	NOTES PAYABLE[1] (End of Month Balances) Total	Comm. Paper	To Banks	To Others
1984											
JUL	55%	31%	91%	$421,420	$317,600	$63,980	$39,840	$41,960	$6,190	$12,710	$23,060
AUG	60	31	113	363,570	282,400	42,060	39,110	47,940	5,750	13,220	28,970
SEP	58	51	45	381,070	302,840	39,300	38,930	59,220	4,520	14,240	40,460
OCT	60	48	45	417,780	339,960	40,660	37,160	57,230	4,830	17,070	35,330
NOV	51	43	57	422,490	350,580	39,790	32,120	54,180	4,820	19,180	30,180
DEC	56	96	88	385,270	321,620	33,110	30,540	42,280	8,390	23,680	10,210

CONSTRUCTION AND LAND LOAN ACTIVITY[1]

YEAR AND MONTH	CONSTRUCTION LOANS CLOSED Total	1-4 Units	5+ Units	Non-[3] res.	DISBURSEMENTS DURING MONTH Total	1-4 Units	5+ Units	Non-[3] res.	Land Loans	END OF MONTH INVENTORY Total	1-4 Units	5+ Units	Non-[3] res.	Land Loans
1984														
JUL	$790	$130	$210	$450	$280	$ 70	$10	$200	$180	$2,760	$ 900	$240	$1,620	$1,120
AUG	410	110	130	170	100	60	0	40	90	2,200	790	190	1,220	830
SEP	440	100	160	180	100	50	10	40	120	2,150	790	180	1,180	800
OCT	400	210	100	90	90	40	10	40	130	2,180	780	220	1,180	870
NOV	210	140	50	20	170	110	20	40	240	3,520	1,380	410	1,730	2,260
DEC	470	270	120	80	430	220	30	180	470	9,240	3,790	790	4,660	3,440

COMMITMENTS TO BORROWERS: AND LAND CONSTRUCTION LOANS[1]

YEAR AND MONTH	ISSUED DURING MONTH Total	1-4 Units	5+ Units	Non-[3] res.	END OF MONTH BALANCES Total	1-4 Units	5+ Units	Non-[3] res.
1984								
JUL	$1,730	$130	$ 60	$1,540	$4,090	$870	$470	$2,750
AUG	770	190	80	500	3,680	850	460	2,370
SEP	760	100	80	580	4,170	760	580	2,830
OCT	710	150	160	400	3,820	860	590	2,370
NOV	350	140	70	170	3,230	680	430	2,120
DEC	790	200	10	580	3,910	930	280	2,700

Notes [1] All dollar amounts are in millions.

[2] Total is seasonally adjusted separately from components. Total, therefore, may not equal sum of parts.

[3] Series labeled non-residential are also inclusive of farm data.

[4] Percent coverage equals outstanding commitments received from investors divided by the sum of outstanding end of month inventory and outstanding commitments issued to borrowers, all multiplied by 100.

[5] Year-to-date seasonally adjusted series not calculated.